

# PREMIER PRESS

APRIL 2012



## PMI's 3rd Annual Meeting

Premier Milk held their Third Annual Meeting on April 3<sup>rd</sup> in Gainesville, FL. Here is a summary of the information shared at the meeting:

\$0.27/cwt dividend for 2011, with 20% paid in cash and 80% retained to build each producer's equity. First four members of PMI will have their equity fully paid up after this dividend is paid out. This also marks the third consecutive year that a dividend has been out.

Premier Milk leads this area in net mailbox pay prices to the dairy producers. Here the average net mailbox milk price for the three coops in North Florida: PMI - \$23.62/cwt, DFA - \$23.55/cwt, and SMI - \$22.50/cwt. This marks the third consecutive year that Premier has led the area in net mailbox milk prices.

Three directors were elected this year to the Premier Milk board: Dale McClellan, John Ball, and Louis Shiver.

Officers for 2012 are: President - Pete Wright; Vice President - Louis Shiver; Secretary - Carrie Pedreiro; Treasurer - Tom Pittman

Quality awards were given to the following farms:

**Udder Delite Dairy - McAlpin, FL**  
SCC - 165,059; SPC - 3,522;  
PIC - 5,021

**American Dairyco - Bell, FL**  
SCC - 158,652; SPC - 4,990;  
PIC - 8,701

**M & B of Tampa - Lecanto, FL**  
SCC - 242,344; SPC - 4,118  
PIC - 5,531

A monthly price forecast for the remainder of 2012 was shared and is shown on the back of this newsletter. Special thank you to the producers and guests who attended the meeting.

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## 400,000 Somatic Cell Limit is Here

Over the last two years, there have been concerns about a regulatory move to lower the legal Grade A limit for somatic cells from 750,000 to 400,000. The market (our customers) is forcing the move to a lower somatic cell limit of 400,000. The regulatory limit is still 750,000, but our customers are demanding that their milk supplies conform to the European Union (EU) standards of 400,000 for somatic cells and 100,000 for standard plate counts.

Our customers sell their surplus cream to butter companies that export butter to Europe. For exporting dairy products to Europe, United States Department of Agriculture (USDA) has established guidelines on how we are accumulate the information and ensure compliance to the EU standards.

Here is a summary of the guidelines:

- 1) Three month rolling geometric mean for: somatic cells to be 400,000 or less and standard plate counts of 100,000 or less.
- 2) A minimum of two standard plate count tests and one somatic cell test results can be used each month.
- 3) When using less than the total sample results within a month time period, the milk supplier must use the same date in each month. For example, if the 19<sup>th</sup> of the month is used as the date, then the 19<sup>th</sup> of the month will need to be used for all months going forward in determining the monthly average.
- 4) Compliance to the EU standards is to be met on an individual producer basis.
- 5) If a producer has a rolling three month geometric mean above 400,000 on somatic cells and/or 100,000 on standard plate counts; then that producer, through his milk buyer, must apply to USDA for derogation (waiver). There are two types of derogations:  
a) **annual** -> good for one year and each producer is allowed two derogations,  
b) **seasonal** -> good for three consecutive months. Each derogation costs \$125.00, which the producer must pay through milk check deduction to PMI.
- 6) If after two years of annual derogations and the producer still cannot meet the EU standards, then the milk from that farm cannot be marketed to the plants requesting EU standard certifications, unless this producer specially request an additional derogation from USDA.

**Upcoming Opportunity** - Thursday, May 10, 7-9 PM at Hatch Park Community Center, 403 Craven Street, Branford, FL. For a more face-to-face Dairy Risk Management meeting, join Dr. John Van Sickle in person to discuss the latest World Ag Supply and Demand Report (just released that day) and other related milk and feed price topics.

Premier Milk will assist their producers in an attempt to meet the EU standards, however the producer bears 100% responsibility in the meeting the requirements.

**Premier**  
MILK INC.  
*Where Premium Quality Comes Standard.*



# Premier Milk MARKET MINUTE

Commodity Prices	August	Sept	Oct	Nov	Dec	Jan	Feb	March	Current
Cheese - World Market	\$ 1.9978	\$ 1.9448	\$ 1.8456	\$ 1.7889	\$ 1.7889	\$ 1.8654	\$ 1.8541	\$ 1.7917	\$ 1.7010
Cheese - CME Block	\$ 1.9725	\$ 1.7561	\$ 1.7231	\$ 1.8716	\$ 1.6198	\$ 1.5559	\$ 1.4794	\$ 1.5193	\$ 1.5100
Cheese - CME Barrel	\$ 1.9571	\$ 1.7010	\$ 1.7189	\$ 1.8963	\$ 1.5850	\$ 1.5415	\$ 1.4823	\$ 1.5152	\$ 1.4600
Cheese - NASS	\$ 2.1402	\$ 1.8592	\$ 1.7471	\$ 1.8415	\$ 1.8070	\$ 1.6097	\$ 1.5410	\$ 1.5248	\$ 1.5299
Butter - World Market	\$ 2.3417	\$ 2.1914	\$ 2.1574	\$ 1.9901	\$ 1.9193	\$ 1.9051	\$ 1.8838	\$ 1.7393	\$ 1.6613
Butter - CME Cash	\$ 2.0884	\$ 1.8724	\$ 1.8295	\$ 1.7351	\$ 1.6128	\$ 1.5830	\$ 1.4273	\$ 1.4895	\$ 1.4125
Butter - NASS	\$ 2.0695	\$ 1.9886	\$ 1.7893	\$ 1.7824	\$ 1.6119	\$ 1.5900	\$ 1.4712	\$ 1.4347	\$ 1.4481
NFDM - World Market	\$ 1.5713	\$ 1.4941	\$ 1.5267	\$ 1.4940	\$ 1.4716	\$ 1.4671	\$ 1.4558	\$ 1.3636	\$ 1.3211
NFDM - Central A.O.M.	\$ 1.5863	\$ 1.5388	\$ 1.4900	\$ 1.4713	\$ 1.4519	\$ 1.4325	\$ 1.3863	\$ 1.3213	\$ 1.2450
NFDM - NASS	\$ 1.5739	\$ 1.5439	\$ 1.5109	\$ 1.4522	\$ 1.4201	\$ 1.3942	\$ 1.3792	\$ 1.3310	\$ 1.2672
Whey - Central A.O.M.	\$ 0.5488	\$ 0.5744	\$ 0.6050	\$ 0.6206	\$ 0.6394	\$ 0.7050	\$ 0.7038	\$ 0.6325	\$ 0.5500
Whey - NASS	\$ 0.5691	\$ 0.5926	\$ 0.6152	\$ 0.6380	\$ 0.6538	\$ 0.6876	\$ 0.6400	\$ 0.6107	\$ 0.5935
F. O. 6 Class I @ Tampa	\$ 26.83	\$ 27.18	\$ 24.96	\$ 23.85	\$ 23.87	\$ 24.20	\$ 22.43	\$ 21.70	\$ 21.06
Net Cl. I Prem. @ Tampa	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.17	\$ 3.25
F.O. 6 Class I Utilization	86.7%	87.5%	85.9%	85.3%	87.0%	84.5%	84.5%	86.4%	
F. O. 6 Blend @ Tampa	\$ 26.18	\$ 26.17	\$ 23.77	\$ 23.15	\$ 22.79	\$ 23.11	\$ 21.34	\$ 20.83	
PMI - Average SCC	315,910	312,544	285,330	278,990	282,718	302,284	284,839	280,411	
PMI - Average SPC	13,391	10,722	10,289	8,331	11,211	14,652	10,869	10,816	
PMI - Average PIC	15,581	13,795	14,799	13,716	38,844	60,723	56,011	56,846	
Premiums Paid - PMI	\$ 0.40	\$ 0.43	\$ 0.47	\$ 0.50	\$ 0.33	\$ 0.32	\$ 0.31	\$ 0.31	
PMI Cen FL Price	\$ 26.89	\$ 26.79	\$ 24.34	\$ 23.88	\$ 23.53	\$ 23.61	\$ 21.47	\$ 20.98	

(with rBST-free premium)

Price Forecasts	Apr	May	June	July	August	Sept	Oct	Nov	Dec
PMI Cen FL Price	\$ 19.96	\$ 19.82	\$ 20.08	\$ 20.10	\$ 20.66	\$ 21.07	\$ 21.27	\$ 21.53	\$ 21.65

(with rBST-free premium)

Class III Milk Futures	Nov	Dec	Jan	Feb	Mar	Current
Apr-12	\$ 16.85	\$ 17.36	\$ 16.50	\$ 15.49	\$ 15.60	\$ 15.77
May-12	\$ 16.85	\$ 17.25	\$ 16.57	\$ 15.40	\$ 14.88	\$ 15.00
Jun-12	\$ 16.84	\$ 17.12	\$ 16.83	\$ 15.72	\$ 14.97	\$ 14.80
Jul-12	\$ 17.07	\$ 17.24	\$ 17.12	\$ 16.10	\$ 15.70	\$ 15.29
Aug-12	\$ 17.10	\$ 17.30	\$ 17.15	\$ 16.25	\$ 16.37	\$ 15.89
Sep-12	\$ 17.03	\$ 17.32	\$ 17.20	\$ 16.34	\$ 16.50	\$ 16.25
Oct-12	\$ 16.92	\$ 17.07	\$ 17.09	\$ 16.34	\$ 16.50	\$ 16.23
Nov-12	16.94	\$ 16.99	\$ 16.96	\$ 16.24	\$ 16.46	\$ 16.10
Dec-12		\$ 17.05	\$ 16.98	\$ 16.18	\$ 16.45	\$ 16.00
Jan-13			\$ 16.75	\$ 16.00	\$ 16.20	\$ 15.93
Feb-13				\$ 15.96	\$ 16.04	\$ 15.89
Mar-13					\$ 16.29	\$ 16.00